

Company name : WAH SEONG CORPORATION BERHAD
 (Registration No.: 199901020946 (495846-A))
 Stock name : WASEONG
 Financial Period Ended : 31 December 2021
 Quarter : 4

Quarterly Report on Consolidated Results for the Fourth Quarter Ended 31 December 2021

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31 December 2021 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 December 2020 Unaudited RM'000	Financial Year Ended 31 December 2021 Unaudited RM'000	Preceding Corresponding Financial Year Ended 31 December 2020 Audited RM'000
Gross revenue	455,216	385,953	1,429,311	1,409,107
Cost of sales	(408,820)	(316,042)	(1,260,718)	(1,229,435)
Gross profit	46,396	69,911	168,593	179,672
Other operating income	8,753	28,174	63,012	64,186
Selling and distribution expenses	(11,478)	(8,284)	(33,642)	(31,951)
Administrative and general expenses	(36,903)	(46,283)	(153,273)	(213,104)
Impairment (loss)/reversal on non-financial assets	(25,299)	1,115	(25,299)	(164,045)
Impairment loss on financial assets	(7,325)	(159)	(7,291)	(48,818)
Other (losses)/gains - net	(169)	2,606	(2,597)	2,958
Finance costs	(11,300)	(8,666)	(36,148)	(43,391)
Share of results of associates and joint ventures	(78,449)	2,746	(73,696)	(13,531)
(Loss)/Profit before tax	(115,774)	41,160	(100,341)	(268,024)
Tax expense	(786)	(7,488)	(11,608)	(38,678)
Net (loss)/profit for the financial period/year	(116,560)	33,672	(111,949)	(306,702)
Net (loss)/profit attributable to:				
- Owners of the Company	(112,080)	34,739	(107,484)	(295,149)
- Non-controlling interests	(4,480)	(1,067)	(4,465)	(11,553)
	(116,560)	33,672	(111,949)	(306,702)

Earnings per share				
- Basic earnings per share (sen)	(14.47)	4.49	(13.88)	(38.17)
- Diluted earnings per share (sen)	(14.47)	4.49	(13.88)	(38.17)

(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020)

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CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31 December 2021 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 December 2020 Unaudited RM'000	Financial Year Ended 31 December 2021 Unaudited RM'000	Preceding Corresponding Financial Year Ended 31 December 2020 Audited RM'000
Net (loss)/profit for the financial period/year	(116,560)	33,672	(111,949)	(306,702)
Other comprehensive (expense)/income, net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Foreign currency translation differences for foreign operations	(2,962)	11,348	(3,691)	19,230
Share of other comprehensive income/(expense) of an associate, net of tax	22	(972)	139	(126)
	(2,940)	10,376	(3,552)	19,104
Total comprehensive (expense)/income for the financial period/year	(119,500)	44,048	(115,501)	(287,598)
Total comprehensive (expense)/income attributable to:				
- Owners of the Company	(115,080)	44,989	(111,225)	(276,187)
- Non-controlling interests	(4,420)	(941)	(4,276)	(11,411)
	(119,500)	44,048	(115,501)	(287,598)

(The Condensed Consolidated Statements of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020)

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Quarterly Report on Consolidated Results for the Fourth Quarter Ended 31 December 2021

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December 2021 Unaudited RM'000	As at 31 December 2020 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	439,914	423,825
Right-of-use assets	257,751	242,904
Investment properties	5,600	9,324
Goodwill and other intangible assets	146,337	142,336
Deferred tax assets	37,447	35,364
Investment in associates	181,598	231,133
Investment in joint ventures	53,938	81,083
Trade and other receivables	4,971	-
Amounts owing by associates	20,276	-
Amounts owing by joint ventures	28,910	26,240
Contract assets	44,330	74,242
Investment in equity instruments	-	5
	1,221,072	1,266,456
Current Assets		
Inventories	177,962	195,665
Contract assets	198,149	149,441
Trade and other receivables	342,056	359,553
Amounts owing by associates	48	17,480
Amounts owing by joint ventures	180	186
Finance lease receivables	-	5,397
Tax recoverable	6,210	4,879
Derivative financial assets	135	2,256
Time deposits	105,920	83,883
Cash and bank balances	136,053	155,647
	966,713	974,387
Assets classified as held for sale	44,909	26,979
TOTAL ASSETS	2,232,694	2,267,822
EQUITY AND LIABILITIES		
Capital and Reserves Attributable to Owners of the Company		
Share capital	547,690	547,690
Treasury shares	(624)	(624)
Exchange translation reserves	10,555	14,296
Retained profits	30,882	142,363
Equity attributable to owners of the Company	588,503	703,725
Non-controlling interests	49,658	49,838
TOTAL EQUITY	638,161	753,563

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 31 December 2021 Unaudited RM'000	As at 31 December 2020 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Deferred tax liabilities	9,506	9,746
Lease liabilities	223,142	197,728
Trade and other payables	25,065	26,789
Loans and borrowings	105,243	103,106
	<u>362,956</u>	<u>337,369</u>
Current Liabilities		
Lease liabilities	19,925	12,657
Contract liabilities	134,567	70,645
Trade and other payables	363,412	246,245
Provision for warranties	12,438	9,844
Amounts owing to associates	-	1,560
Amounts owing to joint ventures	1,610	5,139
Loans and borrowings	649,151	774,950
Dividend payable	19,875	22,109
Current tax liabilities	30,066	33,642
Derivative financial liabilities	533	99
	<u>1,231,577</u>	<u>1,176,890</u>
TOTAL LIABILITIES	<u>1,594,533</u>	<u>1,514,259</u>
TOTAL EQUITY AND LIABILITIES	<u>2,232,694</u>	<u>2,267,822</u>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020)

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Quarterly Report on Consolidated Results for the Fourth Quarter Ended 31 December 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Retained profits RM'000			
At 1 January 2021	547,690	(624)	14,296	142,363	703,725	49,838	753,563
Net loss for the financial year	-	-	-	(107,484)	(107,484)	(4,465)	(111,949)
Other comprehensive (expense)/income for the financial year	-	-	(3,741)	-	(3,741)	189	(3,552)
Total comprehensive expense for the financial year	-	-	(3,741)	(107,484)	(111,225)	(4,276)	(115,501)
Incorporation of a subsidiary	-	-	-	-	-	99	99
Acquisition of shares in existing subsidiary from non- controlling interests	-	-	-	(3,997)	(3,997)	3,997	-
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	(3,997)	(3,997)	4,096	99
At 31 December 2021	547,690	(624)	10,555	30,882	588,503	49,658	638,161

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have been audited

	----- Attributable to owners of the Company -----				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Retained profits RM'000			
At 1 January 2020	547,690	(4,779)	(4,595)	441,630	979,946	61,252	1,041,198
Net loss for the financial year	-	-	-	(295,149)	(295,149)	(11,553)	(306,702)
Other comprehensive income for the financial year	-	-	18,962	-	18,962	142	19,104
Total comprehensive income/(expense) for the financial year	-	-	18,962	(295,149)	(276,187)	(11,411)	(287,598)
Transactions with owners:							
Cash dividends paid to owners of the Company	-	-	-	(3,082)	(3,082)	-	(3,082)
Share dividends distributed to owners of the Company	-	4,155	-	(4,155)	-	-	-
Total contributions by and distributions to owners	-	4,155	-	(7,237)	(3,082)	-	(3,082)
Total transactions with owners	-	4,155	-	(7,237)	(3,082)	-	(3,082)
Effect of disposal	-	-	(71)	3,119	3,048	(3)	3,045
At 31 December 2020	547,690	(624)	14,296	142,363	703,725	49,838	753,563

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020)

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Quarterly Report on Consolidated Results for the Fourth Quarter Ended 31 December 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Financial Year Ended 31 December 2021 Unaudited RM'000	Preceding Corresponding Financial Year Ended 31 December 2020 Audited RM'000
Cash flows from operating activities		
Loss before tax	(100,341)	(268,024)
Adjustments for non-operating items:		
Depreciation and amortisation	66,360	97,300
Other non-cash items	89,217	207,419
Interest expense	36,148	43,391
Interest income	(3,507)	(4,246)
Operating profit before changes in working capital	87,877	75,840
Changes in working capital:		
Net changes in current assets	11,571	95,315
Net changes in current liabilities	169,497	(10,911)
Cash generated from operations	268,945	160,244
Interest received	3,507	4,246
Interest paid	(34,453)	(43,391)
Tax paid	(17,880)	(15,120)
Net cash generated from operating activities	220,119	105,979
Cash flows from investing activities		
Purchase of property, plant and equipment	(96,108)	(52,829)
Purchase of intangible asset	(59)	-
Purchase of investment properties	(44)	(117)
Additional investment in an associate	(13,500)	(1,500)
Additional investment in a joint venture	(29)	-
Proceeds from disposal of property, plant and equipment	1,952	75,051
Proceeds from disposal of assets held for sale	45,061	-
Proceeds from disposal of investment properties	-	14,105
Transfer from/(to) deposits and short term investment	185	(712)
Dividends received from an associate	3,605	1,731
Dividends received from a joint venture	360	6,692
Net amount (to)/from associates	(1,586)	1,700
Net amount to joint ventures	-	(921)
Net cash inflow from disposal of a subsidiary	-	22,914
Net cash (used in)/generated from investing activities	(60,163)	66,114
Cash flows from financing activities		
Drawdown of other bank borrowings	501,993	504,085
Repayments of other bank borrowings	(589,952)	(516,111)
Drawdown of term loans	39,042	7,373
Repayment of term loans	(92,726)	(61,014)
Principal elements of lease payments	(15,130)	(12,822)
Dividend paid to non-controlling interests	(2,500)	(3,082)
Net cash used in financing activities	(159,273)	(81,571)
Net changes in cash and cash equivalents	683	90,522
Currency translation differences	1,943	832
Cash and cash equivalents at beginning of the financial year	215,526	124,172
Cash and cash equivalents at end of the financial year	218,152	215,526

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Financial Year Ended 31 December 2021 Unaudited RM'000	Preceding Corresponding Financial Year Ended 31 December 2020 Audited RM'000
Cash and cash equivalents at the end of the financial year comprise of the following:		
Time deposits	105,920	83,883
Cash and bank balances	136,053	155,647
Subtotal	<u>241,973</u>	<u>239,530</u>
Less:		
Short term investments	(654)	(642)
Time deposits with maturity more than 3 months	<u>(23,167)</u>	<u>(23,362)</u>
	<u><u>218,152</u></u>	<u><u>215,526</u></u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020)

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NOTES TO INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The interim financial statements are in compliance with IAS 34 “Interim Financial Reporting”.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2020.

The following MFRS and Amendments to MFRS have been issued by the Malaysian Accounting Standards Board but are not yet effective to the Group:

Effective from financial year beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 9	Annual Improvements to MFRS Standards 2018–2020
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Effective from financial year beginning on or after 1 January 2023

Amendments to MFRS 101	<ul style="list-style-type: none"> • Classifications of Liabilities as Current or Non-current • Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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2. Qualification of financial statements

The audited financial statements of the preceding financial year were not subject to any qualification.

3. Seasonal or cyclical factors

The Group's operation was not affected by seasonal or cyclical factors.

4. Unusual items

During the quarter under review, the results of the Group were affected by one-off adjustments amounting to RM110.4 million arising from current market or economic conditions. These adjustments comprises of:

- a) Impairment loss on assets amounting to RM7.1 million;
- b) Impairment loss on investment and share of losses of joint venture and associate amounting to RM95.0 million;
- c) Impairment loss on other receivables and amounts due from associates amounting to RM8.3 million.

Excluding the above one-off adjustments, the Group would have reported a loss after tax and minority interest of RM1.7 million for the current quarter and profit after tax and minority interest of RM2.9 million for the financial year ended 31 December 2021.

Save for the above adjustments and information disclosed elsewhere in this financial report, there were no other material items affecting assets, liabilities, equity, net income, or cash flows for the financial period/year that were unusual due to their nature, size, or incidence.

5. Changes in estimates

There were no significant changes in estimates of amounts reported in prior interim periods that had a material effect in the current interim period.

6. Debt and equity securities

During the fourth quarter of 2021, the Company did not purchase any of its issued ordinary shares from the open market (period to-date: Nil). The Company held a total of 577,054 treasury shares as at 31 December 2021.

There were no other issuance and repayment of debt and equity securities, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial period/year ended 31 December 2021.

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7. Dividends

The Directors did not declare any dividend in the current financial period/year.

During the financial year 2020, on 18 February 2020, the Directors declared a first interim dividend of 1.00 sen per share in respect of financial year ended 31 December 2020 comprising:-

- a) Single tier cash dividend of 0.40 sen per share amounting to RM3,081,845; and
- b) Single tier share dividend of 3,849,884 treasury shares distributed to the shareholders of Wah Seong Corporation Berhad ("WSC") on the basis of one (1) WSC treasury share for every two hundred (200) existing WSC ordinary shares held at the entitlement date on 12 March 2020.

The first interim dividend was paid/credited into the entitled shareholders' securities accounts on 8 April 2020.

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8. Segment information

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
RESULTS					
<u>Financial year ended 31 December 2021</u>					
Revenue	728,411	281,960	278,768	143,032	1,432,171
Less: Inter segment revenue	(2,425)	-	-	(435)	(2,860)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
External revenue	725,986	281,960	278,768	142,597	1,429,311
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Segment (loss)/profits	(21,551)	27,766	10,751	(18,063)	(1,097)
Share of results of associates	(49,653)	-	630	(4)	(49,027)
Share of results of joint ventures	(21,148)	467	-	(3,988)	(24,669)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(92,352)	28,233	11,381	(22,055)	(74,793)
Unallocated expenses relating to financing activities					(11,371)
Unallocated corporate expenses					(14,177)
					<hr/>
Loss before tax					<u>(100,341)</u>
TOTAL ASSETS					
<u>As at 31 December 2021</u>					
Segment assets	1,267,615	414,302	116,388	72,714	1,871,019
Investment in associates	152,586	-	29,012	-	181,598
Investment in joint ventures	40,459	6,873	-	6,606	53,938
Assets classified as held for sale	39,501	-	5,408	-	44,909
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,500,161	421,175	150,808	79,320	2,151,464
Unallocated corporate assets					
- Deferred tax assets					37,447
- Tax recoverable					6,210
- Cash and cash equivalents					12,193
- Short term investment					654
- Others					24,726
					<hr/>
Total assets					<u>2,232,694</u>

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION					
<u>Financial year ended 31 December 2021</u>					
Depreciation of:					
- Property, plant and equipment	30,219	5,226	1,077	1,648	38,170
- Investment properties	-	-	2	220	222
- Right-of-use assets	24,909	-	1,386	1,673	27,968
Additions of:					
- Property, plant and equipment	93,333	1,289	196	1,290	96,108
Impairment loss/(reversal) on:					
- Property, plant and equipment	4,243	-	-	-	4,243
- Investment properties	-	-	-	3,545	3,545
- Investment in an associate	14,511	-	-	-	14,511
- Investment in a joint venture	3,000	-	-	-	3,000
- Receivables	1,152	361	(1,607)	5	(89)
- Amounts owing by associates	6,612	-	-	768	7,380
Allowance on slow moving and obsolete inventories	1,204	199	193	-	1,596
Write-off on:					
- Property, plant and equipment	330	-	5	-	335
- Inventories	189	-	9	-	198
- Receivables	16	-	3	-	19
Interest income	(2,172)	(479)	(781)	(75)	(3,507)
Interest expense					
- Loans and borrowings	4,880	4,476	1,434	393	11,183
- Lease liabilities	11,616	-	119	164	11,899
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION					
<u>Financial year ended 31 December 2021</u>					
Revenue comprise of:					
- Revenue from contracts with customers	705,224	281,960	278,067	142,573	1,407,824
- Revenue from other sources	20,762	-	701	24	21,487
	<u>725,986</u>	<u>281,960</u>	<u>278,768</u>	<u>142,597</u>	<u>1,429,311</u>
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Over time	497,552	174,041	-	73,781	745,374
- At a point in time	207,672	107,919	278,067	68,792	662,450
	<u>705,224</u>	<u>281,960</u>	<u>278,067</u>	<u>142,573</u>	<u>1,407,824</u>

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
RESULTS					
<u>Financial year ended 31 December 2020</u>					
Revenue	579,466	357,446	301,113	173,921	1,411,946
Less: Inter segment revenue	(2,436)	-	-	(403)	(2,839)
External revenue	<u>577,030</u>	<u>357,446</u>	<u>301,113</u>	<u>173,518</u>	<u>1,409,107</u>
Segment (loss)/profit	(272,664)	26,547	19,769	4,193	(222,155)
Share of results of associates	12,653	-	293	(4)	12,942
Share of results of joint ventures	(26,833)	1,110	-	(750)	(26,473)
	<u>(286,844)</u>	<u>27,657</u>	<u>20,062</u>	<u>3,439</u>	<u>(235,686)</u>
Unallocated expenses relating to financing activities					(15,350)
Unallocated corporate expenses					(16,988)
Loss before tax					<u>(268,024)</u>
TOTAL ASSETS					
<u>As at 31 December 2020</u>					
Segment assets	1,160,733	420,213	179,737	75,682	1,835,365
Investment in associates	216,108	-	15,025	-	231,133
Investment in joint ventures	64,338	6,406	-	10,339	81,083
Assets classified as held for sale	9,590	-	17,389	-	26,979
	<u>1,450,769</u>	<u>426,619</u>	<u>212,151</u>	<u>85,021</u>	<u>2,174,560</u>
Unallocated corporate assets					35,364
- Deferred tax assets					4,879
- Tax recoverable					27,202
- Cash and cash equivalents					642
- Short term investment					25,175
- Others					-
Total assets					<u>2,267,822</u>

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION					
<u>Financial year ended 31 December 2020</u>					
Depreciation of:					
- Property, plant and equipment	66,558	5,117	2,133	1,685	75,493
- Investment properties	-	-	3	100	103
- Right-of-use assets	18,810	-	1,604	1,290	21,704
Additions of:					
- Property, plant and equipment	30,393	18,103	2,778	1,555	52,829
Impairment loss on:					
- Property, plant and equipment	164,045	-	-	-	164,045
- Receivables	9,470	1,361	1,882	11,228	23,941
- Amount owing by joint ventures	23,314	-	-	-	23,314
- Amount owing by an associate	-	-	-	158	158
Allowance/(reversal) on slow moving and obsolete inventories	5,647	722	(40)	-	6,329
Write-off on:					
- Property, plant and equipment	1,266	-	15	1	1,282
- Inventories	583	74	15	-	672
- Receivables	65	-	82	62	209
Interest income	(2,509)	(519)	(1,075)	(143)	(4,246)
Interest expense					
- Loans and borrowings	8,056	6,528	2,176	427	17,187
- Lease liabilities	10,538	-	165	151	10,854
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable</u> <u>Energy</u> RM'000	<u>Industrial</u> <u>Trading &</u> <u>Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION					
<u>Financial year ended 31 December 2020</u>					
Revenue comprise of:					
- Revenue from contracts with customers	556,013	357,446	299,690	173,493	1,386,642
- Revenue from other sources	21,017	-	1,423	25	22,465
	<u>577,030</u>	<u>357,446</u>	<u>301,113</u>	<u>173,518</u>	<u>1,409,107</u>
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Over time	394,544	221,447	3,720	117,288	736,999
- At a point in time	161,469	135,999	295,970	56,205	649,643
	<u>556,013</u>	<u>357,446</u>	<u>299,690</u>	<u>173,493</u>	<u>1,386,642</u>

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9. Events after the reporting period

There were no material events subsequent to the financial year ended 31 December 2021, except for the following:

(a) SUBSCRIPTION OF 750 ORDINARY SHARES, REPRESENTING 75% EQUITY INTEREST IN ISOAF TZ LIMITED (FORMERLY KNOWN AS PIPE COATER (EA) LIMITED) BY ISOAF S.R.L, AN INDIRECT 25%-OWNED JOINT-VENTURE OF THE COMPANY

ISOAF S.r.L (Company No.: MI – 2631024) (“ISOAF”), an indirect 25%-owned joint-venture of the Company had on 13 January 2022 subscribed 750 ordinary shares, representing 75% equity interest in the issued and paid-up share capital of ISOAF Tz Limited (formerly known as Pipe Coater (EA) Limited) (Company No. 142576716) (“ISOAF Tz”), a company incorporated in Tanzania with its registered office at Dominay Point Building, 2nd Floor, Mabibo External, Along Mandela Road, Dar Es Salaam, Tanzania for a total cash consideration of TZS15,000,000 (Tanzanian Shilling Fifteen Million) only (“Subscription of ISOAF Tz shares”). ISOAF Tz is involved in the provision of line pipe thermal insulation services.

Upon the completion of the Subscription of ISOAF Tz shares, ISOAF Tz shall become a 75%-owned subsidiary of ISOAF.

The Subscription of ISOAF Tz shares was not expected to have any material effect on the earnings, net assets and gearing of WSC for the financial year ending 31 December 2022.

None of the Directors, major shareholders, chief executive of WSC and/or persons connected to them have any interest, direct or indirect, in the Subscription of ISOAF Tz shares.

(b) ACQUISITION OF 25.1% EQUITY INTEREST IN ISOAF S.R.L BY WASCO COATINGS EUROPE B.V., AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY FROM ISOPLUS FERNWÄRMETECHNIK GESELLSCHAFT M.B.H

Wasco Coatings Europe B.V. (Company No. 08134516) (“WCEu”), an indirect wholly-owned subsidiary of the Company had on 10 February 2022 acquired 25.1% equity interest in the share capital of ISOAF S.r.L (Company No.: MI – 2631024) (“ISOAF”) from Isoplus Fernwärmetechnik Gesellschaft M.B.H (Company No. FN97211h) (“ISOPLUS”), a company incorporated under the laws of Austria and having its registered office address at Furthoferstraße 1a, 3192 Hohenberg, Austria for a total cash consideration of EUR6,275.00 (Six Thousand Two Hundred and Seventy Five Euro) only (“Acquisition of ISOAF shares”).

Upon the completion of the Acquisition of ISOAF shares, ISOAF shall become a 50.1%-owned subsidiary of WCEu and an indirect subsidiary of the Company accordingly.

The Acquisition of ISOAF shares was not expected to have any material effect on the earnings, net assets and gearing of WSC for the financial year ending 31 December 2022.

None of the Directors, major shareholders, chief executive of WSC and/or persons connected to them have any interest, direct or indirect, in the Acquisition of ISOAF shares.

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10. Effects of changes in the composition of the Group during the current quarter

There were no changes in the composition of the Group during the current quarter and financial year ended 31 December 2021, except for the following:

MEMBER'S VOLUNTARY WINDING UP OF SPIROLITE MARKETING SDN BHD, AN INDIRECT 30%-OWNED ASSOCIATE OF THE COMPANY

Further to the announcement made on 12 December 2018, the Board of Directors of WSC wishes to announce that Spirolite Marketing Sdn Bhd [Registration No. 199201015946 (247450-V)] ("Spirolite Marketing"), an indirect 30%-owned associate of WSC had held its final meeting for the Member's Voluntary Winding Up on 29 October 2021.

Spirolite Marketing will be fully dissolved after the expiration of three months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Companies Commission of Malaysia and Official Receiver.

11. Significant events during the reporting period

There were no significant events during the current quarter and financial year ended 31 December 2021.

12. Status of corporate proposals

There were no corporate proposals announced but not completed as at the reporting date.

13. Capital commitments

Capital commitments not provided for in the interim report:

	As at 31 December 2021 RM'000
Approved and contracted for	<u>26,051</u>

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Other information required by Bursa Malaysia Securities Berhad Main Market Listing Requirements

14. Review of performance of operating segments for the current quarter and financial year ended 31 December 2021

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the fourth quarter and financial year ended 31 December 2021 were RM263.5 million and RM726.0 million respectively, compared with RM160.8 million and RM577.0 million in the corresponding periods in 2020.

The segment reported a higher revenue in the current quarter compared with the corresponding period in 2020 due to higher number of projects being executed in the current quarter following an increase in segment's order book. This is also reflected in the higher revenue for the current financial year.

During the quarter, the segment recognised one-off adjustments amounting to RM105.7 million, mainly related to its associate and joint venture companies. This resulted in the segment reporting a loss before tax of RM108.9 million in the current quarter compared with a profit before tax of RM12.2 million in the corresponding period in 2020. Excluding this one-off adjustments, the segment would have reported a loss before taxation of RM3.2 million in the current quarter mainly due to preparation being made for execution of major projects in the coming months.

The segment reported a loss before taxation of RM92.4 million in the current financial year compared with a loss before tax of RM286.8 million in the corresponding period in 2020. Excluding the one-off adjustments, the segment would have reported a profit before taxation of RM13.3 million. The improvement was due to a combination of higher revenue generated in the current year and lower impairment chargers.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the fourth quarter and financial year ended 31 December 2021 were RM84.1 million and RM282.0 million respectively, compared with RM98.7 million and RM357.4 million in the corresponding periods in 2020. The profit before tax were RM9.3 million and RM28.2 million respectively, compared with RM9.5 million and RM27.7 million in the corresponding periods in 2020.

Lower revenue of Renewable Energy Segment reflected lower activities during the quarter and current financial year.

Better profit before tax in current financial year was mainly due to recovery of boiler business operation and improved profit margins on revenue from equipment fabrication.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the fourth quarter and financial year ended 31 December 2021 were RM75.1 million and RM278.8 million respectively, compared with RM88.3 million and RM301.1 million in the corresponding periods in 2020. The segment recorded a profit before tax of RM1.4 million and RM11.4 million respectively, compared with RM21.7 million and RM20.1 million in the corresponding periods in 2020.

Lower revenue was mainly due to the low activity in the construction and mining industries during the last quarter of the year.

Higher profit before tax in last corresponding period in 2020 was due to recognition of the gain on disposal of a subsidiary company.

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15. Material changes in the loss before taxation for the current quarter as compared with the immediate preceding quarter

The Group recorded a loss before taxation of RM115.8 million in the current quarter, compared with a profit before taxation of RM2.0 million in the previous quarter. The decrease is mainly the result of one-off adjustments as detailed in Note 4.

16. Prospects

The Group's current order book of RM2.7 billion comprises RM2.4 billion in the Oil & Gas segment, RM292.5 million in the Renewable Energy segment and RM54.1 million in the Industrial Trading & Services segment. The Group's order book emphasises increased activities in the energy sector of the market. However, the global pandemic situation continues to challenge the execution capabilities of the Group due to constantly changing restrictions imposed by various governments. The impact of this, if any, cannot be assessed at present time.

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17. Loss before tax

	Current Quarter Ended 31 December 2021 RM'000	Preceding Year Corresponding Quarter Ended 31 December 2020 RM'000	Financial Year Ended 31 December 2021 RM'000	Preceding Corresponding Financial Year Ended 31 December 2020 RM'000
Loss before tax is stated after charging/(crediting) the following items:				
Interest income	(988)	(1,044)	(3,507)	(4,246)
Depreciation and amortisation	22,044	15,638	66,360	97,300
Impairment loss/ (reversal) on receivables - net	(234)	(956)	(1,036)	23,941
Impairment loss/ (reversal) on property, plant and equipment	4,243	(1,115)	4,243	164,045
Impairment loss on investment properties	3,545	-	3,545	-
Impairment loss on investment in an associate	14,511	-	14,511	-
Impairment loss on investment in a joint venture	3,000	-	3,000	-
Impairment loss on amount owing by an associate - net	6,612	158	7,380	158
(Reversal)/impairment loss on amount owing by a joint venture - net	-	(402)	-	23,314
Allowance on slow moving and obsolete inventories - net	2,163	86	1,596	6,329
Write-off on property, plant and equipment	139	1,254	335	1,282
Write-off on inventories	-	54	198	672
Write-off on receivables	187	45	19	209
Net foreign exchange (gain)/loss	(1,055)	4,035	(8,875)	(1,423)
Loss/(Gain) on disposal of property, plant and equipment	(3)	184	(259)	(6,735)
Gain on disposal of assets held for sale	(657)	-	(18,082)	-
Gain on disposal of a subsidiary	-	(19,203)	-	(19,203)

Save as disclosed above and in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, the other items required by Bursa Malaysia Securities Berhad Main Market Listing Requirements, Chapter 9, Appendix 9B are not applicable to the Group.

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18. Taxation

Taxation comprises the following:

	Current Quarter Ended 31 December 2021 RM'000	Financial Year Ended 31 December 2021 RM'000
Tax expense		
- Malaysian tax	(1,383)	6,509
- Foreign tax	2,169	5,099
	<u>786</u>	<u>11,608</u>

The effective tax rate of the Group varies from the statutory tax rate due to the following:

	Current Quarter Ended 31 December 2021 RM'000	Financial Year Ended 31 December 2021 RM'000
Loss before tax	<u>(115,774)</u>	<u>(100,341)</u>
Tax expense at the statutory tax rate – 24%	(27,786)	(24,082)
Other tax adjustments (Under)/Over provision in prior financial year	28,788 (216)	34,525 1,165
Taxation	<u>786</u>	<u>11,608</u>

19. Profit forecast

The Group did not issue any profit forecast for the current quarter.

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20. Group's borrowings and debt securities

	As at 31 December 2021 RM'000
Unsecured	
Short term borrowings	
Revolving credits	438,736
Term loans	85,721
Trade financing	104,972
Fixed rate notes	19,722
	<hr/> 649,151
Long term borrowings	
Term loans	105,243
	<hr/> 754,394
Total borrowings	<hr/> <hr/> 754,394

The Group's borrowings are denominated in the following currencies:

United States Dollar	547,480
Ringgit Malaysia	181,635
Euro Dollar	10,886
Australian Dollar	14,393
	<hr/> 754,394

21. Fair value of financial instruments

The fair value gains and losses arising from fair value changes in financial assets and liabilities during the current quarter and financial year ended 31 December 2021 are as follows:

	Current Quarter Ended 31 December 2021 RM'000	Preceding Year Corresponding Quarter Ended 31 December 2020 RM'000	Financial Year Ended 31 December 2021 RM'000	Preceding Corresponding Financial Year Ended 31 December 2020 RM'000
Balance as at				
- 1 January	-	-	2,162	(753)
- 1 October	(232)	(382)	-	-
Fair value (loss)/gain recognised in profit or loss	(169)	2,606	(2,597)	2,958
Effect of changes in exchange rate	3	(62)	37	(43)
Balance as at 31 December	<hr/> <hr/> (398)	<hr/> <hr/> 2,162	<hr/> <hr/> (398)	<hr/> <hr/> 2,162

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21. Fair value of financial instruments (continued)

	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000
Represented by:		
Investment in equity instruments carried at fair value	-	5
Derivative financial assets	135	2,256
Derivative financial liabilities	(533)	(99)
	(398)	2,162

Fair value hierarchy

The table below summarises all financial instruments carried at fair value as at end of the financial year, based on a hierarchy that reflects the significance of the inputs used in measuring its respective fair values. The levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical financial assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the financial asset or liability that are not based on observable market data (unobservable inputs).

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>31 December 2021</u>				
<u>Financial assets</u>				
Derivative financial assets	-	135	-	135
<u>Financial liabilities</u>				
Derivative financial liabilities	-	(533)	-	(533)

Valuation techniques used to derive Level 2 fair values

The Level 2 fair values represent an estimated valuation derived from market quotations or from proprietary models that take into consideration estimates about relevant present and future market conditions as well as the size and liquidity of the position and any related actual or potential hedging transactions.

There were no changes in valuation techniques during the financial year.

22. Material litigation

There were no material litigations pending as at this reporting date.

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23. Earnings per share (EPS)

Basic and diluted earnings per share

The basic and diluted earnings per share have been computed based on net profit attributable to the owners of the Company for the current financial quarter/year divided by the weighted average number of ordinary shares after adjusting for movements in treasury shares in the same financial quarter/year:

	Current Quarter Ended 31 December 2021	Preceding Year Corresponding Quarter Ended 31 December 2020	Financial Year Ended 31 December 2021	Preceding Corresponding Financial Year Ended 31 December 2020
Net (loss)/profit attributable to the owners of the Company (RM'000)	<u>(112,080)</u>	<u>34,739</u>	<u>(107,484)</u>	<u>(295,149)</u>
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	<u>774,311</u>	<u>774,311</u>	<u>774,311</u>	<u>773,280</u>
Basic/diluted earnings per share (sen)	<u>(14.47)</u>	<u>4.49</u>	<u>(13.88)</u>	<u>(38.17)</u>

24. Contingent liabilities

There were no contingent liabilities arising since the last annual audited statement of financial position.

25. Authorisation for issue

This Quarterly Report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed at the Board of Directors' Meeting held on 24 February 2022.